

# AN ACT

To amend sections 1321.20, 1321.51 to 1321.55, 1321.57, 1321.58, and 1321.99 of the Revised Code to make revisions in the Small Loan Law and the Mortgage Loan Law, including changes relative to maximum license or certificate of registration fees, examinations and investigations by the Division of Financial Institutions, permissible charges by registrants, and penalties for violations.

*Be it enacted by the General Assembly of the State of Ohio:*

SECTION 1. That sections 1321.20, 1321.51, 1321.52, 1321.53, 1321.54, 1321.55, 1321.57, 1321.58, and 1321.99 of the Revised Code be amended to read as follows:

Sec. 1321.20. (A) Every person licensed or registered under this chapter shall pay to the superintendent of financial institutions, prior to the last day of June, an annual license or certificate of registration fee. On or about the fifteenth day of April of each year, the superintendent shall determine the license or certificate fees to be charged, pursuant to sections 1321.03, 1321.05, 1321.53, and 1321.73 of the Revised Code. Such determination shall be made by dividing the appropriation for the consumer finance section of the division of financial institutions for the current fiscal year by the number of licenses and certificates issued as of the date of the computation. In no event shall the amount of the fee exceed ~~two~~ three hundred ~~fifty~~ dollars, except that the maximum fee which may be charged insurance premium finance companies licensed under section 1321.73 of the Revised Code shall not exceed three hundred seventy-five dollars. Prior to the first day of June of each year, the superintendent shall inform each person licensed or registered under this chapter of the amount of the license or certificate fee for the succeeding fiscal year as determined by this section.

(B) Each person licensed under Chapter 4727. of the Revised Code, prior to the last day of June, shall pay to the superintendent a fee equal to twice the amount of the fee determined by the superintendent pursuant to

division (A) of this section. However, in no event shall the amount of the fee exceed three hundred dollars.

(C) The fee for a license or certificate issued pursuant to Chapter 1321., 4727., or 4728. of the Revised Code after the first day of January in any fiscal year shall be equal to one-half the amount determined according to divisions (A) and (B) of this section or in accordance with section 4728.03 of the Revised Code.

(D) If the renewal fees billed by the superintendent pursuant to divisions (A) and (B) of this section are less than the estimated expenditures of the consumer finance section of the division of financial institutions, as determined by the superintendent, for the following fiscal year, the superintendent may assess each person licensed pursuant to section 1321.04 or registered pursuant to section 1321.53 of the Revised Code at a rate sufficient to equal in the aggregate the difference between the renewal fees billed and the estimated expenditures. Each person shall pay the assessed amount to the superintendent prior to the last day of June. In no case shall the assessment exceed ten cents per each one hundred dollars of interest (excluding charge-off recoveries), points, loan origination charges, and credit line charges collected by that person during the previous calendar year. If an assessment is imposed under this division, it shall not be less than two hundred fifty dollars per licensee or registrant and shall not exceed thirty thousand dollars less the total renewal fees paid pursuant to division (A) of this section by each licensee or registrant.

Sec. 1321.51. As used in sections 1321.51 to 1321.60 of the Revised Code:

(A) "Person" means an individual, partnership, association, trust, corporation, or any other legal entity.

(B) "Certificate" means a certificate of registration issued under sections 1321.51 to 1321.60 of the Revised Code.

(C) "Registrant" means a person to whom one or more certificates have been issued.

(D) "Principal amount" means the amount of cash paid to, or paid or payable for the account of, the borrower, and includes any charge, fee, or expense that is financed by the borrower at origination of the loan or during the term of the loan.

(E) "Interest" means all charges payable directly or indirectly by a borrower to a registrant as a condition to a loan or an application for a loan, however denominated, but does not include default charges, deferment charges, insurance charges or premiums, court costs, loan origination charges, check collection charges, credit line charges, points, prepayment

penalties, or other fees and charges specifically authorized by law.

(F) "Interest-bearing loan" means a loan in which the debt is expressed as the principal amount and interest is computed, charged, and collected on unpaid principal balances outstanding from time to time.

(G) "Precomputed loan" means a loan in which the debt is a sum comprising the principal amount and the amount of interest computed in advance on the assumption that all scheduled payments will be made when due.

(H) "Actuarial method" means the method of allocating payments made on a loan between the principal amount and interest whereby a payment is applied first to the accumulated interest and the remainder to the unpaid principal amount.

(I) "Applicable charge" means the amount of interest attributable to each monthly installment period of the loan contract. The applicable charge is computed as if each installment period were one month and any charge for extending the first installment period beyond one month is ignored. In the case of loans originally scheduled to be repaid in sixty-one months or less, the applicable charge for any installment period is that proportion of the total interest contracted for, as the balance scheduled to be outstanding during that period bears to the sum of all of the periodic balances, all determined according to the payment schedule originally contracted for. In all other cases, the applicable charge for any installment period is that which would have been made for such period had the loan been made on an interest-bearing basis, based upon the assumption that all payments were made according to schedule.

(J) "Broker" means a person who acts as an intermediary or agent in finding, arranging, or negotiating loans, and charges or receives a fee for these services.

(K) "Annual percentage rate" means the ratio of the interest on a loan to the unpaid principal balances on the loan for any period of time, expressed on an annual basis.

(L) "Point" means a charge equal to one per cent of either of the following:

(1) The principal amount of a precomputed loan or interest-bearing loan;

(2) The original credit line of an open-end loan.

(M) "Prepayment penalty" means a charge for prepayment of a loan at any time prior to five years from the date the loan contract is executed.

(N) "Refinancing" means a loan the proceeds of which are used in whole or in part to pay the unpaid balance of a prior loan made by the same

registrant to the same borrower under sections 1321.51 to 1321.60 of the Revised Code.

(O) "Superintendent of financial institutions" includes the deputy superintendent for consumer finance as provided in section 1181.21 of the Revised Code.

Sec. 1321.52. (A)(1) No person, on that person's own behalf or on behalf of any other person, shall do either of the following without having first obtained a certificate of registration from the division of financial institutions:

(a) Advertise, solicit, or hold out that the person is engaged in the business of making loans secured by a mortgage on a borrower's real estate which is other than a first lien on the real estate;

(b) Engage in the business of lending or collecting the person's own or another person's money, credit, or choses in action for such loans.

(2) Each person issued a certificate is subject to all the rules prescribed under sections 1321.51 to 1321.60 of the Revised Code.

(B) All loans made to persons who at the time are residents of this state are considered as made within this state and subject to the laws of this state, regardless of any statement in the contract or note to the contrary.

(C) A registrant may make unsecured loans, loans secured by a mortgage on a borrower's real estate which is a first lien or other than a first lien on the real estate, loans secured by other than real estate, and loans secured by any combination of mortgages and security interests, on terms and conditions provided by sections 1321.51 to 1321.60 of the Revised Code.

(D)(1) If a lender that is subject to sections 1321.51 to 1321.60 of the Revised Code makes a loan in violation of division (A)(1) of this section, the lender has no right to collect, receive, or retain any interest or charges on that loan.

(2) If a registrant applies to the division for a renewal of the registrant's certificate after the date required by division (A)(4) of section 1321.53 of the Revised Code, but prior to the first day of August of that year, and the division approves the application, division (D)(1) of this section does not apply with respect to any loan made by the registrant while the registrant's certificate was expired.

Sec. 1321.53. (A)(1) An application for a certificate of registration under sections 1321.51 to 1321.60 of the Revised Code shall contain an undertaking by the applicant to abide by those sections. The application shall be in writing, under oath, and in the form prescribed by the division of financial institutions, shall give the location where the business is to be

conducted and the names and addresses of the partners, officers, or trustees of the applicant, and shall contain any further relevant information that the division may require. Applicants that are foreign corporations shall obtain and maintain a license pursuant to Chapter 1703. of the Revised Code before a certificate is issued or renewed.

(2) Upon the filing of the application and the payment by the applicant of two hundred dollars as an investigation fee and an annual registration fee as determined by the superintendent of financial institutions pursuant to section 1321.20 of the Revised Code, the division shall investigate the relevant facts. If the application involves investigation outside this state, the applicant may be required by the division to advance sufficient funds to pay any of the actual expenses of such investigation, when it appears that these expenses will exceed two hundred dollars. An itemized statement of any of these expenses which the applicant is required to pay shall be furnished the applicant by the division. No certificate shall be issued unless the fees have been submitted to the division, and no registration fee or investigation fee will be returned after a certificate has been issued.

(3) If an application for a certificate of registration does not contain all of the information required under division (A)(1) of this section, and if such information is not submitted to the division within ninety days after the application is filed, the superintendent may consider the application withdrawn and may retain the investigation fee.

(4) If the division finds that the financial responsibility, experience, character, and general fitness of the applicant are such as to command the confidence of the public and to warrant the belief that the business will be operated honestly and fairly in compliance with and within the purposes of sections 1321.51 to 1321.60 of the Revised Code, and that the applicant has the net worth and assets required by division (B) of this section, the division shall thereupon issue a certificate to the applicant. The certificate ~~may be continued from year to year~~ shall expire on the first day of July next after its issue, and on the first day of July in each succeeding year, unless renewed by payment of an annual fee, and any assessment, as determined by the superintendent pursuant to section 1321.20 of the Revised Code, on or before the last day of June of each year. No other fee or assessment shall be required of a registrant by the state or any political subdivision of the state.

If the division does not so find, it shall enter an order denying the application, and forthwith notify the applicant of the denial, the grounds for the denial, and the applicant's reasonable opportunity to be heard on the action in accordance with Chapter 119. of the Revised Code. In the event of denial, the division shall return the registration fee but retain the

investigation fee.

(5) If there is a change of ten per cent or more in the ownership of a registrant, the division may make any investigation necessary to determine whether any fact or condition exists that, if it had existed at the time of the original application for a certificate of registration, the fact or condition would have warranted the division to deny the application under division (A)(4) of this section. If such a fact or condition is found, the division may, in accordance with Chapter 119. of the Revised Code, revoke the registrant's certificate.

(B) Each registrant that engages in lending under sections 1321.51 to 1321.60 of the Revised Code shall maintain both of the following:

(1) A net worth of at least fifty thousand dollars;

(2) For each certificate of registration, assets of at least fifty thousand dollars either in use or readily available for use in the conduct of the business.

(C) Not more than one place of business shall be maintained under the same certificate, but the division may issue additional certificates to the same registrant upon compliance with sections 1321.51 to 1321.60 of the Revised Code, governing the issuance of a single certificate. No change in the place of business of a registrant to a location outside the original municipal corporation shall be permitted under the same certificate without the approval of a new application, the payment of the registration fee as determined by the superintendent pursuant to section 1321.20 of the Revised Code and, if required by the superintendent, the payment of an investigation fee of two hundred dollars. When a registrant wishes to change its place of business within the same municipal corporation, it shall give written notice of the change in advance to the division, which shall provide a certificate for the new address without cost. If a registrant changes its name, prior to making loans under the new name it shall give written notice of the change to the division, which shall provide a certificate in the new name without cost. Sections 1321.51 to 1321.60 of the Revised Code do not limit the loans of any registrant to residents of the community in which the registrant's place of business is situated. Each certificate shall be kept conspicuously posted in the place of business of the registrant and is not transferable or assignable.

(D) Sections 1321.51 to 1321.60 of the Revised Code do not apply to any of the following:

(1) Persons lawfully doing business under the authority of any law of this state, another state, or the United States relating to banks, savings banks, trust companies, savings and loan associations, or credit unions;

(2) Life, property, or casualty insurance companies licensed to do business in this state;

(3) Any person that is a lender making a loan pursuant to sections 1321.01 to 1321.19 of the Revised Code or a business loan as described in division (B)(6) of section 1343.01 of the Revised Code;

(4) Any governmental agency or instrumentality, or any entity included under division (B)(3) of section 1343.01 of the Revised Code.

(E) No person engaged in the business of selling tangible goods or services related to tangible goods may receive or retain a certificate under sections 1321.51 to 1321.60 of the Revised Code for such place of business.

Sec. 1321.54. (A) The division of financial institutions may adopt, in accordance with Chapter 119. of the Revised Code, rules that are necessary for the enforcement of sections 1321.51 to 1321.60 of the Revised Code and that are consistent with those sections. Each rule shall contain a reference to the section, division, or paragraph of the Revised Code to which it applies. The division shall send by regular mail to each registrant a copy of each rule that is adopted pursuant to this section.

(B) The division shall, upon written notice to the registrant stating the contemplated action, the grounds for the action, and the registrant's reasonable opportunity to be heard on the action in accordance with Chapter 119. of the Revised Code, revoke or, suspend, or refuse to renew any certificate issued under sections 1321.51 to 1321.60 of the Revised Code, or impose a monetary fine, if it finds that the registrant has continued to violate those sections, after receiving notice of the violation or violations from the division, or is in default in the payment of the annual assessment or certificate of registration fee prescribed in section 1321.20 of the Revised Code. The revocation ~~or~~, suspension, or refusal to renew shall not impair the obligation of any pre-existing lawful contract made under sections 1321.51 to 1321.60 of the Revised Code.

Monetary fines imposed under this division shall not exceed twenty-five thousand dollars.

(C) The superintendent of financial institutions may investigate alleged violations of sections 1321.51 to 1321.60 of the Revised Code, or the rules adopted thereunder, or complaints concerning any such violation. The superintendent may make application to the court of common pleas for an order enjoining any such violation and, upon a showing by the superintendent that a person has committed, or is about to commit, such a violation, the court shall grant an injunction, restraining order, or other appropriate relief.

(D) In conducting an investigation pursuant to this section, the

superintendent may compel, by subpoena, witnesses to testify in relation to any matter over which the superintendent has jurisdiction, and may require the production or photocopying of any book, record, or other document pertaining to such matter. If a person fails to file any statement or report, obey any subpoena, give testimony, produce any book, record, or other document as required by such a subpoena, or permit photocopying of any book, record, or other document subpoenaed, the court of common pleas of any county in this state, upon application made to it by the superintendent, shall compel obedience by attachment proceedings for contempt, as in the case of disobedience of the requirements of a subpoena issued from the court, or a refusal to testify therein.

(E) If the superintendent determines that a person is engaged in, or is believed to be engaged in, activities that may constitute a violation of sections 1321.51 to 1321.60 of the Revised Code, the superintendent may, after notice and a hearing conducted in accordance with Chapter 119. of the Revised Code, issue a cease and desist order. Such an order shall be enforceable in the court of common pleas.

Sec. 1321.55. (A) Every registrant shall keep records pertaining to loans made under sections 1321.51 to 1321.60 of the Revised Code. Such records shall be segregated from records pertaining to transactions that are not subject to these sections of the Revised Code. Every registrant shall preserve records pertaining to loans made under sections 1321.51 to 1321.60 of the Revised Code for at least two years after making the final entry on such records. Accounting systems maintained in whole or in part by mechanical or electronic data processing methods that provide information equivalent to that otherwise required are acceptable for this purpose. At least once each ~~year~~ eighteen-month cycle, the division of financial institutions shall make or cause to be made an examination of records pertaining to loans made under sections 1321.51 to 1321.60 of the Revised Code, for the purpose of determining whether the registrant is complying with these sections and of verifying the registrant's annual report.

(B)(1) As required by the superintendent of financial institutions, each registrant shall file with the division each year a report under oath or affirmation, on forms supplied by the division, concerning the business and operations for the preceding calendar year. Whenever a registrant operates two or more registered offices or whenever two or more affiliated registrants operate registered offices, then a composite report of the group of registered offices may be filed in lieu of individual reports.

(2) The division shall publish annually an analysis of the information required under division (B)(1) of this section, but the individual reports shall

not be public records and shall not be open to public inspection.

(C) All information obtained by the superintendent or the superintendent's deputies, examiners, assistants, agents, or clerks by reason of their official position, including information obtained by such persons from the annual report of a registrant or in the course of examining a registrant or investigating an applicant for a certificate, is privileged and confidential. All such information shall remain privileged and confidential for all purposes except when it is necessary for the superintendent and the superintendent's deputies, examiners, assistants, agents, or clerks to take official action regarding the affairs of the registrant or in connection with criminal proceedings.

(D) No person is in violation of sections 1321.51 to 1321.60 of the Revised Code for any act taken or omission made in reliance on a written notice, interpretation, or examination report from the superintendent.

Sec. 1321.57. (A) Notwithstanding any other provisions of the Revised Code, a registrant may contract for and receive interest, calculated according to the actuarial method, at a rate or rates not exceeding twenty-one per cent per year on the unpaid principal balances of the loan. Loans may be interest-bearing or precomputed.

(B) For purposes of computation of time on interest-bearing and precomputed loans, including, but not limited to, the calculation of interest, a month is considered one-twelfth of a year, and a day is considered one three hundred sixty-fifth of a year when calculation is made for a fraction of a month. A year is as defined in section 1.44 of the Revised Code. A month is that period described in section 1.45 of the Revised Code. Alternatively, a registrant may consider a day as one three hundred sixtieth of a year and each month as having thirty days.

(C) With respect to interest-bearing loans:

(1)(a) Interest shall be computed on unpaid principal balances outstanding from time to time, for the time outstanding.

(b) As an alternative to the method of computing interest set forth in division (C)(1)(a) of this section, a registrant, ~~if the loan contract so provides,~~ may charge and collect interest for the first installment period based on elapsed time from the date of the loan to the first scheduled payment due date, and for each succeeding installment period from the scheduled payment due date to the next scheduled payment due date, regardless of the date or dates the payments are actually made.

(c) Whether a registrant computes interest pursuant to division (C)(1)(a) or (b) of this section, each payment shall be applied first to unpaid charges, then to interest, and the remainder to the unpaid principal balance. However,

if the amount of the payment is insufficient to pay the accumulated interest, the unpaid interest continues to accumulate to be paid from the proceeds of subsequent payments and is not added to the principal balance.

(2) Interest shall not be compounded, collected, or paid in advance. However, if both of the following apply:

(a) Interest may be charged to extend the first monthly installment period by not more than fifteen days, and the interest charged for the extension may be added to the principal amount of the loan.

(b) If part or all of the consideration for a new loan contract is the unpaid principal balance of a prior loan, ~~then~~ the principal amount payable under ~~such~~ the new loan contract may include any unpaid interest that has accrued. The resulting loan contract shall be deemed a new and separate loan transaction for purposes of this section. The unpaid principal balance of a precomputed loan is the balance due after refund or credit of unearned interest as provided in division (D)(3) of this section.

(D) With respect to precomputed loans:

(1) Loans shall be repayable in monthly installments of principal and interest combined, except that the first installment period may exceed one month by not more than fifteen days, and the first installment payment amount may be larger than the remaining payments by the amount of interest charged for the extra days; and provided further that monthly installment payment dates may be omitted to accommodate borrowers with seasonal income.

(2) Payments may be applied to the combined total of principal and precomputed interest until maturity of the loan. A registrant may charge interest after the original or deferred maturity of a precomputed loan at the rate specified in division (A) of this section on all unpaid principal balances for the time outstanding.

(3) When any loan contract is paid in full by cash, renewal, refinancing, or a new loan, one month or more before the final installment due date, the registrant shall refund, or credit the borrower with, the total of the applicable charges for all fully unexpired installment periods, as originally scheduled or as deferred, that follow the day of prepayment. If the prepayment is made other than on a scheduled installment due date, the nearest scheduled installment due date shall be used in such computation. If the prepayment occurs prior to the first installment due date, the registrant may retain one-thirtieth of the applicable charge for a first installment period of one month for each day from date of loan to date of prepayment, and shall refund, or credit the borrower with, the balance of the total interest contracted for. If the maturity of the loan is accelerated for any reason and

judgment is entered, the registrant shall credit the borrower with the same refund as if prepayment in full had been made on the date the judgment is entered.

(4) If the parties agree in writing, either in the loan contract or in a subsequent agreement, to a deferment of wholly unpaid installments, a registrant may grant a deferment and may collect a deferment charge as provided in this section. A deferment postpones the scheduled due date of the earliest unpaid installment and all subsequent installments as originally scheduled, or as previously deferred, for a period equal to the deferment period. The deferment period is that period during which no installment is scheduled to be paid by reason of the deferment. The deferment charge for a one-month period may not exceed the applicable charge for the installment period immediately following the due date of the last undeferred installment. A proportionate charge may be made for deferment for periods of more or less than one month. A deferment charge is earned pro rata during the deferment period and is fully earned on the last day of the deferment period. If a loan is prepaid in full during a deferment period, the registrant shall make, or credit to the borrower, a refund of the unearned deferment charge in addition to any other refund or credit made for prepayment of the loan in full.

(E) A registrant, at the request of the borrower, may obtain, on one or more borrowers, credit life insurance, credit accident and health insurance, and unemployment insurance. The premium or identifiable charge for the insurance may be included in the principal amount of the loan and may not exceed the premium rate filed by the insurer with the superintendent of insurance and not disapproved by the superintendent. If a registrant obtains the insurance at the request of the borrower, the borrower shall have the right to cancel the insurance for a period of twenty-five days after the loan is made. If the borrower chooses to cancel the insurance, the borrower shall give the registrant written notice of this choice and shall return all of the policies or certificates of insurance or notices of proposed insurance to the registrant during such period, and the full premium or identifiable charge for the insurance shall be refunded to the borrower by the registrant. If the borrower requests, in the notice to cancel the insurance, that this refund be applied to reduce the balance of a precomputed loan, the registrant shall credit the amount of the refund plus the amount of interest applicable to the refund to the loan balance.

If the registrant obtains the insurance at the request of the borrower, the registrant shall not charge or collect interest on any insured amount that remains unpaid after the insured borrower's date of death.

(F) A registrant may require the borrower to provide insurance or a loss payable endorsement covering reasonable risks of loss, damage, and destruction of property used as security for the loan and with the consent of the borrower such insurance may cover property other than that which is security for the loan. The amount and term of required property insurance shall be reasonable in relation to the amount and term of the loan contract and the type and value of the security, and the insurance shall be procured in accordance with the insurance laws of this state. The purchase of this insurance through the registrant or an agent or broker designated by the registrant shall not be a condition precedent to the granting of the loan. If the borrower purchases the insurance from or through the registrant or from another source, the premium may be included in the principal amount of the loan.

(G) On loans secured by an interest in real estate, all of the following apply:

(1) A registrant may charge and receive up to two points, and a prepayment penalty not in excess of one per cent of the original principal amount of the loan. Points may be paid by the borrower at the time of the loan or may be included in the principal amount of the loan. On a refinancing, a registrant may not charge under division (G)(1) of this section either ~~points of the following:~~

(a) Points on the portion of the principal amount that is applied to the unpaid principal amount of the refinanced loan, if the refinancing occurs within one year ~~from~~ after the date of a ~~prior~~ the refinanced loan on which points were charged ~~or a~~;

(b) A prepayment penalty.

(2) As an alternative to the prepayment penalty described in division (G)(1) of this section, a registrant may contract for, charge, and receive the prepayment penalty described in division (G)(2) of this section for the prepayment of a loan prior to three years after the date the loan contract is executed. This prepayment penalty shall not exceed three per cent of the original principal amount of the loan if the loan is paid in full prior to one year after the date the loan contract is executed. The penalty shall not exceed two per cent of the original principal amount of the loan if the loan is paid in full at any time from one year, but prior to two years, after the date the loan contract is executed. The penalty shall not exceed one per cent of the original principal amount of the loan if the loan is paid in full at any time from two years, but prior to three years, after the date the loan contract is executed. A registrant shall not charge or receive a prepayment penalty under division (G)(2) of this section if any of the following applies:

(a) The loan is a refinancing by the same registrant or a registrant to whom the loan has been assigned;

(b) The loan is paid in full as a result of the sale of the real estate that secures the loan;

(c) The loan is paid in full with the proceeds of an insurance claim against an insurance policy that insures the life of the borrower or an insurance policy that covers loss, damage, or destruction of the real estate that secures the loan.

(3) Division (G) of this section is not a limitation on discount points or other charges for purposes of section 501(b)(4) of the "Depository Institutions Deregulation and Monetary Control Act of 1980," 94 Stat. 161, 12 U.S.C.A. 1735f-7 note.

(H)(1) In addition to the interest and charges provided for by this section, no further or other amount, whether in the form of broker fees, placement fees, or any other fees whatsoever, shall be charged or received by the registrant, except costs and disbursements ~~to which the registrant may become entitled by law~~ in connection with any suit to collect a loan or any lawful activity to realize on a security interest or mortgage after default, including reasonable attorney fees incurred by the registrant as a result of the suit or activity and to which the registrant becomes entitled by law, and except the following additional charges which may be included in the principal amount of the loan or collected at any time after the loan is made:

(a) The amounts of fees authorized by law to record, file, or release security interests and mortgages on a loan;

(b) With respect to a loan secured by an interest in real estate, the following closing costs, if they are bona fide, reasonable in amount, and not for the purpose of circumvention or evasion of this section:

(i) Fees or premiums for title examination, abstract of title, title insurance, surveys, ~~or similar purposes~~ title endorsements, title binders, title commitments, home inspections, or pest inspections; settlement or closing costs; courier fees; and any federally mandated flood plain certification fee;

(ii) If not paid to the registrant, an employee of the registrant, or a person related to the registrant, fees for preparation of a mortgage, settlement statement, or other documents, fees for notarizing mortgages and other documents, ~~and appraisal fees,~~ and fees for any federally mandated inspection of home improvement work financed by a second mortgage loan;

(c) Fees for credit investigations not exceeding ten dollars.

(2) Division (H)(1) of this section does not limit the rights of registrants to engage in other transactions with borrowers, provided the transactions are not a condition of the loan.

(I) If the loan contract or security instrument contains covenants by the borrower to perform certain duties pertaining to insuring or preserving security and the registrant pursuant to the loan contract or security instrument pays for performance of the duties on behalf of the borrower, the registrant may add the amounts paid to the unpaid principal balance of the loan or collect them separately. A charge for interest may be made for sums advanced not exceeding the rate of interest permitted by division (A) of this section. Within a reasonable time after advancing a sum, the registrant shall notify the borrower in writing of the amount advanced, any interest charged with respect to the amount advanced, any revised payment schedule, and shall include a brief description of the reason for the advance.

(J)(1) In addition to points authorized under division (G) of this section, a registrant may charge and receive, ~~on the following:~~

(a) ~~With respect to secured loans in:~~ If the principal amount of the loan is less than five hundred dollars, loan origination charges not exceeding fifteen dollars; on loans in if the principal amount of the loan is at least five hundred dollars but less than one thousand dollars, loan origination charges not exceeding thirty dollars; on loans in if the principal amount of the loan is at least one thousand dollars but less than two thousand dollars, loan origination charges not exceeding ~~sixty-five~~ one hundred dollars; and on loans in if the principal amount of the loan is at least two thousand dollars but less than five thousand dollars, loan origination charges not exceeding the greater of one two hundred fifty dollars or one per cent of; and if the principal amount of the loan is at least five thousand dollars, loan origination charges not exceeding the greater of two hundred fifty dollars or one per cent of the principal amount of the loan However, ~~on~~

(b) ~~With respect to unsecured loans in:~~ If the principal amount of the loan is less than five hundred dollars, loan origination charges not exceeding fifteen dollars; if the principal amount of the loan is at least five hundred dollars but less than one thousand dollars, loan origination charges not exceeding thirty dollars; if the principal amount of the loan is at least one thousand dollars but less than five thousand dollars, the loan origination charge shall charges not exceed exceeding one hundred dollars; and if the principal amount of the loan is at least five thousand dollars, loan origination charges not exceeding the greater of two hundred fifty dollars or one per cent of the principal amount of the loan A

(2) If a refinancing occurs within ninety days after the date of the refinanced loan, a registrant may not impose loan origination charges on a borrower more frequently than once in any ninety-day period the portion of the principal amount that is applied to the unpaid principal amount of the

refinanced loan ~~Loan~~

(3) Loan origination charges may be paid by the borrower at the time of the loan or may be included in the principal amount of the loan.

(K) A registrant may charge and receive check collection charges not greater than twenty dollars plus any amount passed on from other financial institutions for each check, negotiable order of withdrawal, share draft, or other negotiable instrument returned or dishonored for any reason.

(L) If the loan contract so provides, a registrant may collect a default charge on any installment not paid in full within ten days after its due date. For this purpose, all installments are considered paid in the order in which they become due. Any amounts applied to an outstanding loan balance as a result of voluntary release of a security interest, sale of security on the loan, or cancellation of insurance shall be considered payments on the loan, unless the parties otherwise agree in writing at the time the amounts are applied. The amount of the default charge shall not exceed the greater of five per cent of the scheduled installment or fifteen dollars.

Sec. 1321.58. (A) A registrant may make open-end loans pursuant to an agreement between the registrant and the borrower whereby:

(1) The registrant may permit the borrower to obtain advances of money from the registrant from time to time or the registrant may advance money on behalf of the borrower from time to time as directed by the borrower.

(2) The amount of each advance and permitted interest, charges, and costs are debited to the borrower's account and payments and other credits are credited to the same account.

(3) The interest and charges are computed on the unpaid balance or balances of the account from time to time.

(4) The borrower has the privilege of paying the account in full at any time or, if the account is not in default, in installments of determinable amounts as provided in the agreement.

For open-end loans, "billing cycle" means the time interval between periodic billing dates. A billing cycle shall be considered monthly if the closing date of the cycle is the same date each month or does not vary by more than four days from such date.

(B) Notwithstanding any other provisions of the Revised Code, a registrant may contract for and receive interest for open-end loans at a rate or rates not exceeding twenty-one per cent per year and may compute interest in each billing cycle by either of the following methods:

(1) By multiplying the daily rate by the daily unpaid balance of the account, in which case the daily rate is determined by dividing the annual rate by three hundred sixty-five;

(2) By multiplying the monthly rate by the average daily unpaid balance of the account in the billing cycle, in which case the average daily unpaid balance is the sum of all of the daily unpaid balances each day during the cycle divided by the number of days in the cycle. The monthly rate is determined by dividing the annual rate by twelve.

The billing cycle shall be monthly and the unpaid balance on any day shall be determined by adding to any balance unpaid as of the beginning of that day all advances and permitted interest, charges, and costs and deducting all payments and other credits made or received that day.

(C) In addition to the interest permitted in division (B) of this section, a registrant may charge and receive or add to the unpaid balance any or all of the following:

(1) All charges and costs authorized by divisions (E), (F), (G), (H), (I), and (K) of section 1321.57 of the Revised Code;

(2) An annual credit line charge, for the privilege of maintaining a line of credit, ~~for~~ as follows:

(a) For the first year:

(i) If the original credit line is less than five thousand dollars, an amount not exceeding one hundred fifty dollars;

(ii) If the original credit line is at least five thousand dollars, an amount not exceeding the greater of one per cent of the original credit line or ~~one~~ two hundred fifty dollars, ~~and for~~.

(b) For subsequent years an amount not exceeding the greater of one-half per cent of the credit line on the anniversary date or fifty dollars;.

(3) A default charge on any required minimum payment not paid in full within ten days after its due date. For this purpose, all required minimum payments are considered paid in the order in which they become due. The amount of the default charge shall not exceed the greater of five per cent of the required minimum payment or fifteen dollars.

(D) The borrower at any time may pay all or any part of the unpaid balance on the account or, if the account is not in default, the borrower may pay the unpaid balance in installments subject to minimum payment requirements as determined by the registrant and set forth in the open-end loan agreement.

(E) If credit life insurance or credit accident and health insurance is obtained by the registrant and if the insured dies or becomes disabled when there is an outstanding open-end loan indebtedness, the insurance shall be sufficient to pay the unpaid balance on the loan due on the date of the borrower's death in the case of credit life insurance or all minimum payments that become due on the loan during the covered period of

disability in the case of credit accident and health insurance. The additional charge for credit life insurance, credit accident and health insurance, or unemployment insurance shall be calculated each billing cycle by applying the current monthly premium rate for the insurance, filed by the insurer with the superintendent of insurance and not disapproved by the superintendent, to the unpaid balances in the borrower's account, using one of the methods specified in division (B) of this section for the calculation of interest. No credit life insurance, credit accident and health insurance, or unemployment insurance written in connection with an open-end loan shall be canceled by the registrant because of delinquency of the borrower in making the required minimum payments on the loan unless one or more such payments is past due for a period of thirty days or more. The registrant shall advance to the insurer the amounts required to keep the insurance in force during such period, which amounts may be debited to the borrower's account.

(F) Whenever there is no unpaid balance in an open-end loan account, the account may be terminated by written notice, by the borrower or the registrant, to the other party. If a registrant has taken a mortgage on real property to secure the open-end loan, the registrant shall deliver, within thirty days following termination of the account, a release of the mortgage to the borrower. If a registrant has taken a security interest in personal property to secure the open-end loan, the registrant shall release the security interest and terminate any financing statement in accordance with section 1309.41 of the Revised Code.

Sec. 1321.99. (A) ~~Whoever violates section 1321.02 of the Revised Code shall be fined not less than one hundred nor more than five hundred dollars for a first offense; for each subsequent offense such person shall be fined not less than two hundred nor more than one thousand dollars or imprisoned not more than six months, or both~~ is guilty of a felony of the fifth degree.

(B) Whoever violates section 1321.13 of the Revised Code shall be fined not less than one hundred nor more than five hundred dollars or imprisoned not more than six months, or both.

(C) Whoever violates section 1321.14 of the Revised Code shall be fined not less than fifty nor more than two hundred dollars for a first offense; for a second offense such person shall be fined not less than two hundred nor more than five hundred dollars and imprisoned for not more than six months.

(D) Whoever willfully violates section 1321.57, 1321.58, 1321.59, or 1321.60 of the Revised Code shall be fined not less than one nor more than five hundred dollars.

(E) Whoever violates section 1321.52 of the Revised Code is guilty of a felony of the fifth degree.

(F) Whoever violates division (A) of section 1321.73 of the Revised Code shall be fined not more than five hundred dollars or imprisoned not more than six months, or both.

SECTION 2. That existing sections 1321.20, 1321.51, 1321.52, 1321.53, 1321.54, 1321.55, 1321.57, 1321.58, and 1321.99 of the Revised Code are hereby repealed.

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*Speaker \_\_\_\_\_ of the House of Representatives.*

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*President \_\_\_\_\_ of the Senate.*

Passed \_\_\_\_\_, 20\_\_\_\_

Approved \_\_\_\_\_, 20\_\_\_\_

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*Governor.*

The section numbering of law of a general and permanent nature is complete and in conformity with the Revised Code.

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*Director, Legislative Service Commission.*

Filed in the office of the Secretary of State at Columbus, Ohio, on the  
\_\_\_\_ day of \_\_\_\_\_, A. D. 20\_\_\_\_.

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*Secretary of State.*

File No. \_\_\_\_\_ Effective Date \_\_\_\_\_